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DEPARTMENT OF STATE

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## Memorandum of Conversation

DATE: March 16, 1960  
Secretary's Residence  
After Dinner

SUBJECT: US-USSR Economic Strength; Aerial Inspection  
Zone; Self-Determination and Berlin Plebiscite.

PARTICIPANTS: Dr. Konrad Adenauer, Chancellor, Federal Republic of Germany  
Dr. Heinrich von Brentano, Minister for Foreign Affairs  
Ambassador Wilhelm G. Grewe  
Mr. Weber, Interpreter

Secretary Herter  
Under Secretary C. Douglas Dillon  
Under Secretary Livingston T. Merchant  
Ambassador Walter C. Dowling



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Following dinner, during which the Chancellor was in a jovial frame of mind, the group listed above talked for over an hour in the library. Ambassadors Grewe and Dowling joined the group soon after the conversation began.

The first general subject discussed (launched by the Chancellor) was the economic position of the Soviet Union relative to the free world, and in particular to the United States. The Chancellor referred, as he had the evening before at the German Embassy, to the reports he had of great and growing Soviet strength. At one point he stated that he understood that by 1965 the economy of the Soviet Union would be equivalent to that of the United States. When this was quickly contested, he modified his statement to say that by 1965 the Soviet Union would have the capability of doing great damage at will in the disruption of the free economies of free nations and their export markets.

Mr. Dillon described the recent intention of the Soviet Union to ship 10,000 small cars into the U.S. market at a price roughly 25% below that at which they are sold within the Soviet Union. If the facts as stated were true, that would constitute dumping and would invoke protective machinery. The Chancellor readily agreed that this was an illustration of what he had in mind.

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By NKO NLE Date 8/31/84

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Mr. Dillon

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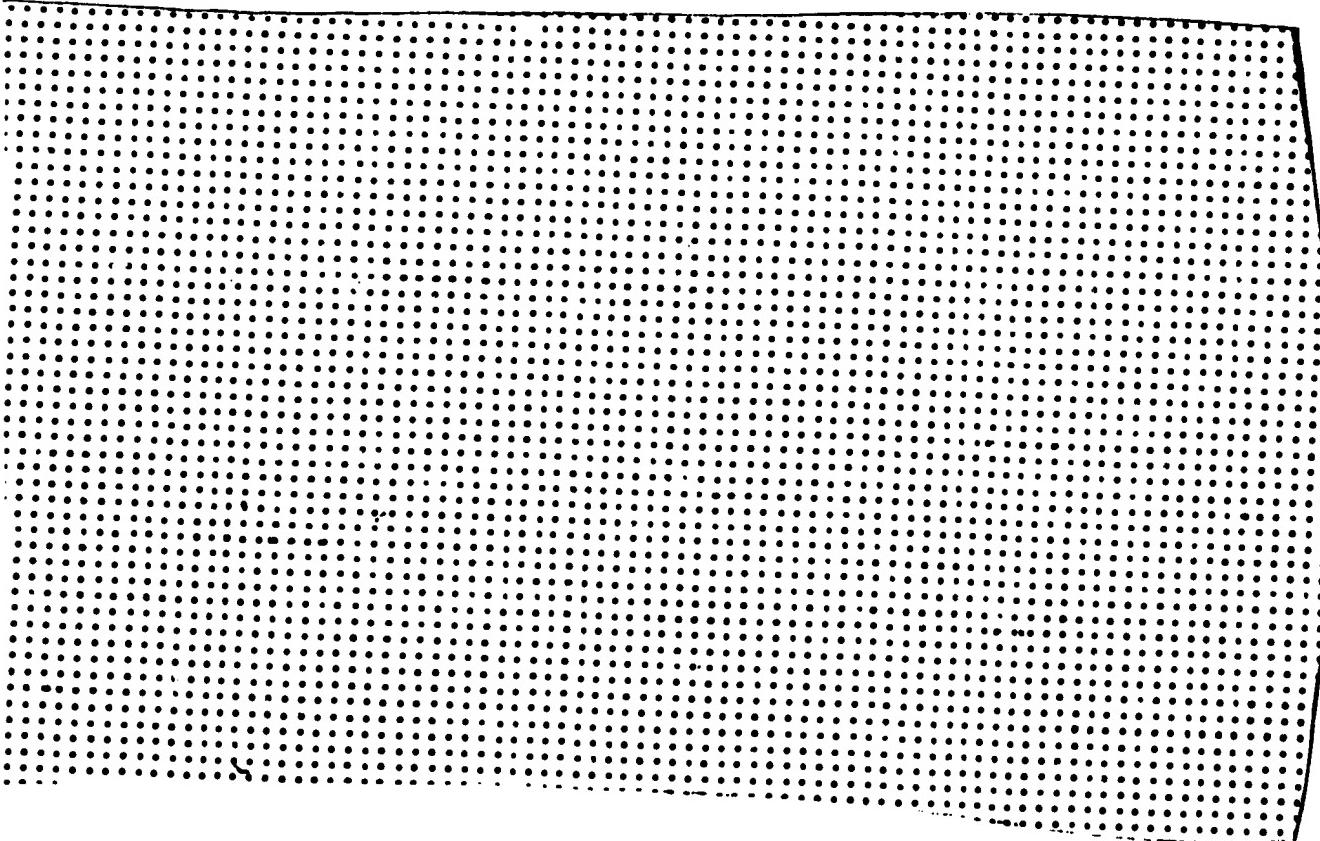
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Mr. Dillon then emphasized that recognition of the growth of Soviet economic strength was one of the major supports behind our policy of encouraging by all means available the common market of the Six and related liberal trading practices on the Continent, so that within the frame of the Atlantic Community the main industrial strength of the free world would operate most effectively and thereby minimize the future difficulties inherent in the growing economic power of the Soviet Union. The Chancellor agreed but added one or two comments which indicated the importance he attached to bilateral economic arrangements, presumably between the Federal Republic and the United States.

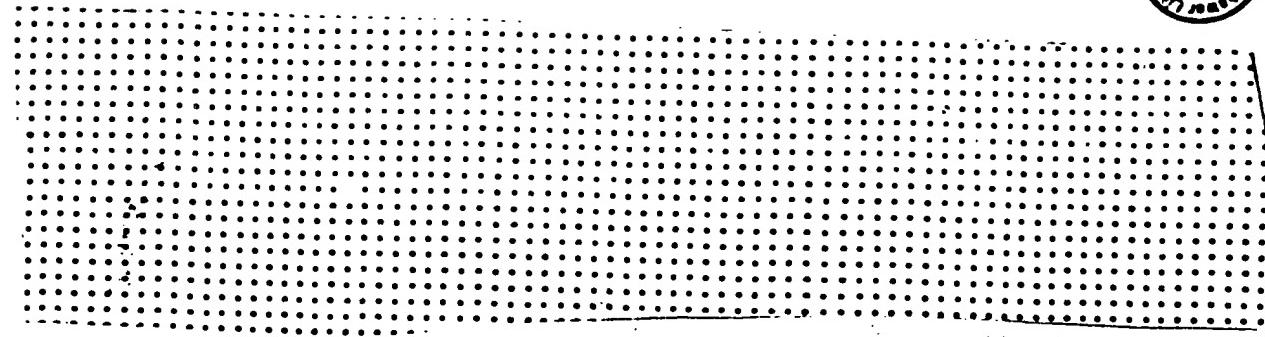
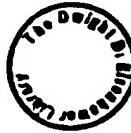
The Chancellor then turned the conversation to education, mentioning that he had had a discussion of this subject with Senator Fulbright. It was not entirely clear what points he was making, but he emphasized two. The first was that in the West our educational systems must give greater weight to the inculcation of moral principles to offset with the students the loss of authority of the family and the church. The second point which he did not expand was that something must be done to meet the growing problem of university graduates coming into a world which could not provide for all such graduates enough jobs suitable for their level of education.



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At this point the question of self-determination came up in the context of the Chancellor's Press Club proposal for a plebiscite in West Berlin prior to the Summit. The Secretary said that we should consider this matter by looking further ahead to the wider application of self-determination. There was no doubt that a vote held in West Berlin on the maintenance of the present position would be a free vote and overwhelming in favor of the maintenance of existing arrangements. But we all know that an unsupervised vote in Communist-held territory would produce an impressive vote quite contrary to the true wishes of the inhabitants. This argued for inviting supervision, as for example by the United Nations, over any expression of popular will in western territories in order that the principle of such impartial supervision would apply to any plebiscite in Eastern Germany or in East Berlin.

The Chancellor reacted violently against this suggestion. Any election in West Berlin would, of course, be fair and free. The three Western Military Commandants could certify this. It would be derogatory of democracy if outside neutral supervision were asked. Moreover, there would be no time for arranging it before the Summit, and he visualized his proposal for a vote at Berlin as necessary before the Summit in order to confront Khrushchev with the evidence of how the West Berliners overwhelmingly felt. The argument continued but the Chancellor was adamant in his point of view. At one point, he said in effect that votes and plebiscites would never accomplish the freeing of the Soviet sector of Germany. This would also made some obscure reference to the acceptance of the original boundaries of Germany, but it was not exactly clear what he meant.

Throughout the discussion of the last two topics Dr. von Brentano frequently interrupted the Chancellor to argue with him, but with no apparent success. On several occasions, the exchanges were so rapid as to leave the interpreter far behind. Dr. Grewe was largely silent throughout, but it was perfectly apparent that the Chancellor's

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advisers would have modified substantially many of the Chancellor's statements, had they been able to do so.

The group broke up shortly after 11:30 and the Chancellor departed in a friendly mood. There seemed little doubt, however, that he was extremely disturbed by the suggestion of any modification of his limited plebiscite proposal to be confined to West Berlin and conducted before the Summit meeting in May. What also seemed to emerge was the concentration of the Chancellor on maintaining the status quo in West Berlin and his relative lack of interest as of any practical concern in measures designed to keep the emphasis on the reunification of Germany in the impending negotiation.

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